



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: March 17, 2006

TO: Legislative Finance Committee

FROM: Clayton Schenck

RE: Agency Appropriations Transfer Requests (Supplementals)

In accordance with 17-7-301, MCA, the Judiciary submitted one and the Governor submitted four potential transfers of appropriations (supplemental appropriations) from FY 2007 to FY 2006 to the Legislative Fiscal Analyst (LFA). It is the role of the LFA to analyze the proposals and then forward them to the Legislative Finance Committee (LFC) for comment and report. It is the obligation of the LFC to report to the Governor whether, in the committee's view, the requests meet statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the requests.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) Expenditures must be for an "unforeseen and unanticipated emergency" that causes the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) The requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression.

Two of the proposals were forwarded to the committee and were acted upon by the committee on March 9 – one for the Judiciary and requests for the Department of Natural Resources. The remaining three proposals are forwarded to the LFC for review and comment at this time, as directed by the LFC. Because these proposals were submitted only a few days before the LFC meeting, LFD staff had not had an opportunity to provide a thorough analysis prior to the March 8 and 9 LFC meeting. Staff has still not completed their full analysis since there has not been sufficient time for the agencies to respond to staff inquiries. However, by forwarding the proposals at this time as directed, it allows for LFC review and comment and executive response during the statutory 90-day review period, while allowing the review period to fall within the timing of the next scheduled LFC meeting and prior to the end of the fiscal year.

## **PROPOSALS FORWARDED TO THE LFC**

The Governor has given preliminary approval to the following transfers and they are forwarded to the LFC for review and comment, accompanied by legislative staff preliminary analysis:

- o \$11.4 million in the Department of Public Health and Human Services for a variety of shortfalls
- o \$11.5 million for the Department of Corrections for a variety of shortfalls, principally in secure care
- o \$375,000 in the Department of Revenue for litigation costs

## **LFD PRELIMINARY ISSUES**

Legislative Fiscal Division (LFD) staff has preliminarily identified several issues and analysis points with each of the proposed transfers under review, and they are summarized in the attached memoranda.

One issue common to all three proposals is that each proposal as submitted does not include a complete single plan for mitigating the costs in the second year of the biennium. Legislative staff will work closely with legal counsel to assess these issues. Additionally, as directed by the LFC, staff is requesting input from members of the session joint appropriations subcommittees for these agencies on the submitted plans.

Enclosures:

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